



Gippsland
Water

Corporate Plan

2021 - 2026

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Aboriginal acknowledgement

We acknowledge Traditional Custodians of the land on which we live and work. We pay respect to Elders past and present. We are committed to working respectfully to honour their ongoing cultural and spiritual connections to this country. We recognise the role and value of culture in our work and community.

We cover areas of two traditional landowner groups:

- Gunaikurnai Land and Waters Aboriginal Corporation
- Bunurong Land Council Aboriginal Corporation

Message from the Chair and Managing Director

On behalf of our Board, executive team and entire organisation, we're pleased to present the 2021-26 Gippsland Water Corporate Plan.

The unique challenges of 2020 brought the importance of working together, kindness and resilience into sharper focus. We've learnt more about how to support our people and our customers, and we'll be applying those learnings during the year ahead.

It also revealed some opportunities to rethink and redefine the way we work. In the last twelve months, we've embraced these opportunities and have become a much stronger organisation as a result. In the year ahead, we'll undertake a formal hybrid work trial with the aim of maximising productivity and employee wellbeing.

The safety of our people has always been our highest priority. This year, we'll be redeveloping our Occupational Health and Safety Strategy to ensure our systems and practices are contemporary, robust and reflective of best practice.

Our capital works program remains a key focus. Not only for the benefits we will see in terms of water security, minimising disruption for our customers and helping to enable regional growth, but the economic stimulus major projects provide for our community. It's against this backdrop that we'll continue to prioritise local contractors to complete these works as part of our membership of GROW Gippsland this financial year.

This year's plan comes at the mid-way point of our current five-year price review cycle. It follows naturally that our focus will be on both delivering on our existing promises and preparing for the next five-year cycle.

For both we have commenced a deliberate, fundamental shift towards becoming a more customer-centric organisation, starting with a deeper approach to engagement.

We've recently kicked off the most comprehensive engagement program we've ever embarked on, reaching out to our customers and community and asking them to help shape our next Price Submission and Urban Water Strategy.

We'll also be introducing a series of customer-focused initiatives like enhanced digital billing, improved notifications and resolving customer nominated pain-points.

From an environmental perspective, we'll be delivering on our plan to reach our 2050 target of zero net emissions and achieve a 24% reduction in greenhouse gas emissions by 2025.

We'll install a new 1.2MWp solar system and biogas upgrades at our water factory and continue to look for energy optimisation and renewable energy opportunities at other facilities.

From a technological perspective, we'll be focusing on making our systems more convenient and easy to use for our customers – like digital billing and notifications.

Our long-term sustainability will also be an important focus, with work continuing to develop a 2050 vision for our organisation, and more extensive financial modelling to better inform our planning and decision-making.

And we'll be working with our state government partners to secure more reliable and affordable water resources, especially in the west, through the development of the Central and Gippsland Sustainable Water Strategy.



Therese Ryan
Board Chair



Sarah Cumming
Managing Director

Our values



SAFETY AND WELLBEING

'Go home safe'

The safety and wellbeing of our employees and community is our priority.



CUSTOMER FOCUSED

'Customer first'

Customers are at the heart of everything we do.



ACCOUNTABILITY

'Make it happen'

We each take ownership and deliver on what we say.



COLLABORATION

'Working together'

We work in partnership with our colleagues, customers, and stakeholders.



INNOVATION

'Clever solutions'

We challenge our thinking, learn and embrace change.



INTEGRITY AND RESPECT

'Treat others as we wish to be treated'

We are transparent, honest, inclusive and treat people fairly.

Our vision

We take pride in partnering with the community in providing quality water and waste services so we can enjoy a healthy and sustainable Gippsland for generations to come.

Core business undertakings

We supply water and wastewater services to residential, commercial and industrial customers across central Gippsland.

Our region spans from Drouin in the west to Loch Sport in the east, and Briagolong in the north to Mirboo North in the south. The area covers around 5,000 square kilometres across the municipalities of Latrobe City, Baw Baw, South Gippsland and Wellington shires.

With over 300 operational, engineering, financial, environmental and administrative employees, we are a major local employer for the region serving a population base of 147,000 people. We deliver water to over 70,000 customers and wastewater services to more than 63,000 customers across 43 towns. Our customers include major industries, some of which are of state and national significance.

Commercial businesses

In addition to providing regulated water and wastewater services, we have two commercial businesses that are an integral part of what we do and provide benefit for us, our customers and the state.

The businesses are important contributors to the state's circular economy, benefiting our customers in the following ways:

- Providing additional income for our business. This 'non-water' income helps reduce pressure on operational costs and ultimately water and wastewater services tariffs.
- Reducing the cost of waste disposal for our organisation by turning solid waste into a commercial compost product, and using safe recycled wastewater to irrigate farmland. Together this offsets approximately \$3-4M in operational costs per annum.
- Reducing the environmental impact of our waste by decreasing the amount of waste requiring disposal.



The two core unregulated businesses providing these benefits are:

Gippsland Regional Agribusiness

Gippsland Regional Agribusiness supports our wastewater business by enabling treated wastewater to be responsibly discharged through irrigation of farming crops and pastures, and providing nutrient management and removal. The business also provides a cost-effective and efficient way of managing large tracts of land by using livestock, forestry and cropping practices to assist both physically and financially.

It directly employs seven local people across 12 farming sites around the region, producing a combination of beef, crops and plantation timber. Our largest farm at Dutson Downs spans 8,341 hectares.

Gippsland Regional Organics

Gippsland Regional Organics is our organics recycling business. Each year, it transforms approximately 200,000 tonnes of waste into valuable, nutrient rich Australian Standard certified compost.

The business saves our customers \$2-3M a year by disposing of biosolids that are created when we treat wastewater. These would otherwise need to be taken to an external disposal facility.

The process is quite unique to our business and is one of the best examples of a circular economy business in Victoria.

It also plays a key role in managing major industrial waste streams and directly employs 21 local people.

Our operating environment

Governance

We are the Central Gippsland Region Water Corporation and trade as Gippsland Water.

Initially constituted under the *Water Act 1989 (Vic)* on 21 December 1994, we are a regional water corporation operating under a Board of Directors appointed by our shareholder, the Victorian State Government. The Hon Richard Wynne MP, Acting Minister for Water, is the responsible Minister at the time of the development of this plan.

We are governed by several State and Commonwealth laws, including:

- *Water Act 1989*
- *Safe Drinking Water Act (2003)*
- *Environment Protection Act 1970*
- *Environment Protection Act Amendment Act 2018*
- *Planning and Environment Act 1987 and Biodiversity*
- *Flora and Fauna Guarantee Act 1988*
- *Conservation Act 1999*
- *Permitted Clearing of Native Vegetation – Biodiversity Assessment Guidelines (2013)*
- *Financial Management Act 1994*
- *OHS Act (2020 amendment)*

Risk management

Our risk management framework is consistent with relevant standards and promotes a culture that assists our people to identify and manage risk and uncertainty effectively.

The framework is integrated with our strategic and corporate planning processes, with our strategic risks aligning with our strategic objectives.

We continuously monitor our external and internal environment, including detailed assessments of sector, state, commonwealth and global risk trends. This ensures our strategic risks are reflective of current and emerging threats and opportunities.

Our Board and executive work together to review our risk profile annually. Our Audit and Risk Committee provide assurance in relation to our regulatory requirements, including the annual review of our risk management framework and quarterly review of strategic risks.

In the year ahead, we'll be reviewing and revising our risk management framework to ensure ongoing alignment and compliance with the updated Victorian Government Risk Management Framework. This will include activities to measure, evaluate and further improve our risk culture.

Asset management

Asset management is a whole of business discipline that relies on shared ownership. We are faced with the increasing challenge of the stewardship of our aging infrastructure which requires the renewal, replacement and establishment of new water and wastewater assets to meet customer service expectations and regulatory requirements.

Our recently refreshed Asset Management Strategy supports business sustainability with a whole of business focus on investing strategically and making evidence-based decisions that deliver value for money to secure our future.

This year, we'll be implementing a new Field Mobile Information System to allow infield information accessibility which will inform data-driven decision making. We'll also complete an annual Asset Management Accountability Framework Attestation which provides us with the opportunity to focus on elements of our lifecycle asset management process supporting the delivery of service to our community. Planning and managing our assets to meet increased demand from growth, particularly in the Warragul-Drouin area, is also an ongoing focus.

Strategic context

This plan outlines our business direction for the next five years, with a particular focus on the 2021-22 financial year.

This plan aims to ensure we deliver on our statutory obligations, strategic vision and community expectations.

Engaging with our customers ahead of our next Price Submission and Urban Water Strategy is a key focus for us this year. More broadly, we have commenced to a new model of ongoing, cyclical engagement with our customers which will provide us with deeper insights to inform our future planning and service delivery.

Meeting government objectives

Water for Victoria is the State Government's strategic, long-term plan for managing water resources, now and in the future. It was developed and informed by community expectations, particularly in areas of health, recreation, liveability, traditional ownership and economic development.

We're committed to supporting the government on this journey and this plan sets out the actions we will take to do so, alongside our obligations outlined in our Ministerial Letter of Expectations.

Climate change

We're committed to reducing our greenhouse gas emissions and doing everything we can to minimise our contribution to climate change. Our target to reduce our emissions by 24% by 2025 remains on track and we're already starting to plan the types of projects and initiatives we'll deliver to move towards net zero beyond 2050.

Renewable energy installations including solar, hydro and biogas throughout our operations now generate approximately 4,200 MWh of clean energy per annum. A further 2,900 MWh of annual generation from various renewable energy projects is expected to be delivered and commissioned in 2021. Completion of these projects will see us generating 30% (or approximately 7 GWh pa) of our annual energy needs from renewable energy.

Our carbon offset project will reach its first major milestone in 2021 – moving from establishment into a maintenance phase. This project – which has seen the planting of over 200,000 native plants – will help us offset unavoidable wastewater treatment emissions for a period of 10 years. All up the project will sequester approximately 60,000 tonnes of CO₂ and provide habitat for numerous state and Commonwealth listed threatened species around the precious Gippsland Lakes.

Our emissions reduction progress is better than anticipated at this stage in our program of works. Over the next four years, we'll be looking to consolidate and build on these gains by delivering projects that increase our resilience to weather extremes and assist us to continue delivering for our customers in a changing climate.



In addition to our internal projects, we're also contributing to state and regional climate change adaptation planning to ensure our communities remain strong and vibrant in the face of a changing climate.

We will continue to report on our greenhouse gas emissions performance in our annual community report.

Customer and community outcomes

This year, we will transition to a new cyclical customer and stakeholder engagement model to bring community expectations, planning service delivery closer together.

We have embarked on the most comprehensive engagement program we've ever seen to inform our next Price Submission and Urban Water Strategy, both due in 2022.

Finding out what matters most to our customers — including guaranteed levels of service — will be on the agenda, along with our vision and strategic focus for the five-year period. We'll also be engaging with them on capital projects, community support programs and the tariffs they pay.

Our 2020 customer satisfaction survey results were our best results yet. We saw significant improvement in all four main metrics – overall satisfaction, trust, reputation and value for money. This year, we'll be looking to build on this result and acting on the feedback our customers provided. We'll also be surveying our customers again to see how we're progressing.

Customers told us in 2020 they want to be notified by SMS for unplanned and emergency outages. We're working to have this technology embedded into our process for outages within the year.

Our online services are seeing increased take-up from our customers and we'll be making some improvements to our digital billing in 2021-22. We'll also be expanding the convenience of online services for our established online property connection processes to new property owners, builders and developers.

Collaboration with our communities and local councils to install more water fountains in high traffic public areas will also remain a priority. So too is the continuation of our popular Community Support Program, which provides sponsorship to local community groups and not-for-profit organisations

We're seeing steady growth across our region, with more people moving from the city to regional areas. While our western towns of Drouin and Warragul remain at the forefront of this growth, the Latrobe Valley and parts of our eastern district are also seeing increased connection numbers. Our focus will therefore continue to be on working closely with local government and other authorities to deliver critical infrastructure.

Major customers

Our major customers include businesses of state and federal significance, including some of the state's largest industrial water consumers, and wastewater producers. This year, we'll continue to look for opportunities to provide enhanced value to these



customers while working with government and the private sector to help attract and facilitate business expansion and investment for the benefit of the communities we serve.

We're continuing to work with our regional partners to maximise the economic value of available water. This includes assessing any opportunities that may arise from the Water Grid Partnership, Latrobe Valley Regional Rehabilitation Strategy implementation, Central and Gippsland Sustainable Water Strategy and other forums.

Water for Aboriginal cultural, spiritual and economic values

We have an important role to perform in supporting Aboriginal cultural values and economic inclusion in the water sector.

This year, we'll be asking our Traditional Owner communities to help shape our future plans—including our Price Submission and Urban Water Strategy—and wherever possible, align our policy and strategic objectives.

We'll be implementing and expanding recently developed policies and training to build cultural awareness and competency amongst our people and contractors. We will recognise and manage Aboriginal values in our planning and on-grounds work, and ensure policies and procedures include processes to inform Traditional Owners when opportunities to access water and entitlements arise within our reviews and management practices.

We'll also be supporting further employment and economic development opportunities for Aboriginal people. We'll review our recruitment procedures and policies with Aboriginal human resources practitioners to ensure we understand and address any barriers for Aboriginal employees and future applicants.

We'll be taking a closer look at how we can refine our procurement processes to provide more opportunity for Aboriginal enterprises to supply goods/services.

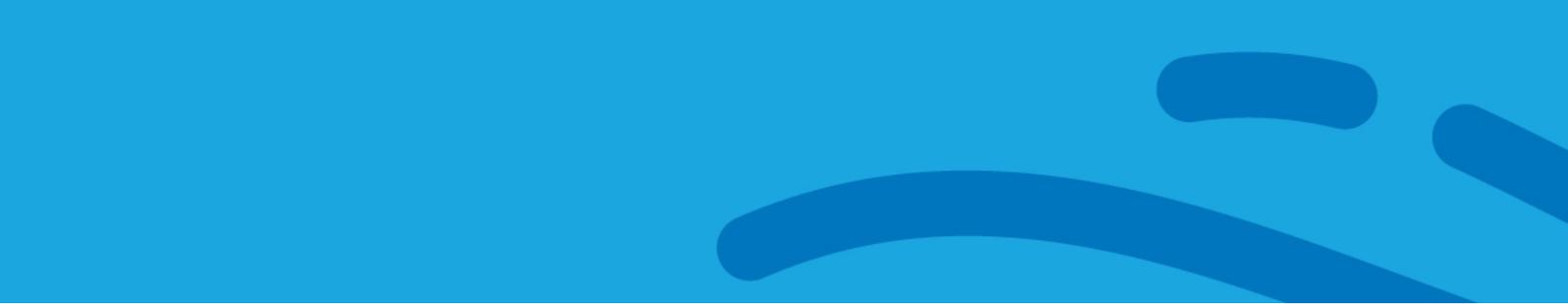
We'll also develop and implement an annual engagement plan to strengthen relationships with Aboriginal community and customers, including the contribution we make to the Gippsland Environmental Agencies/GLaWAC working group and executive forum and developing our partnership with Bunurong Land Council.

Recognising the recreational values of our water

This year, we'll be focusing on engaging with local communities to develop a better understanding of the shared benefits of water, including recreational benefits, in planning and decision making. This forms part of our Urban Water Strategy and our involvement in local Integrated Water Management forums will help us achieve it.

We'll continue to provide access to parts of our land for hiking, walking or jogging, and picnics; offer educational tours through some of our treatment plants and open our sites up for bird counting surveys when it's safe to do so.

We'll also continue to contribute towards maintaining recreational facilities at a number of locations in Gippsland — including Blue Rock Reservoir, Cowwarr Weir and Lake Glenmaggie — which attract visitors from outside of our service region and provide



opportunities for kayaking, fishing, swimming and picnicking.

Looking ahead, we will continue to review our assets for opportunities for providing recreational benefits. We'll also look at ways of increasing awareness about recreational access to our sites through our website and social media.

Resilient and liveable cities and towns

We're proud to be actively contributing to a healthy Gippsland by supporting safe, affordable, high quality services and resilient environments.

We're an active participant in the Gippsland Integrated Water Management Forum, which brings likeminded organisations - including urban water corporations, rural water corporations, local councils, catchment management authorities and Traditional Owner groups - together to pursue collaborative initiatives across the whole water cycle and ultimately create better liveability outcomes for our communities.

This year, we'll be focused on the development of our 2022 Urban Water Strategy, which takes a 50 year view to identify any risks to our ability to meet customer demand for our water and wastewater services. The implications of climate change, population growth, fire and drought will all be explored to ensure we can remain adaptable to changing conditions and uncertainty. It's also a key input to our Price Submission.

Actively encouraging our customers to be smart about their water use is also a priority and we'll continue to work with our partners across government to promote the "Target Your Water Use" campaign.

We'll be actively promoting our financial assistance program to customers who may be experiencing payment difficulties, providing tailored support and education and additional services to those experiencing family violence.

Leadership and culture

We're committed to fostering a diverse, safe and inclusive workplace for everyone.

This year, we'll be focusing on the delivery of our recently redeveloped Diversity & Inclusion 2021-23 Plan. The plan complements and integrates initiatives underway including our health and wellbeing programs; gender equity review to meet our obligations under the *Gender Equality Act 2020*; flexible work options and Aboriginal engagement strategy.

The next iteration of our People Strategy will be developed and will outline the activities and programs we'll put in place to create the environment for a constructive and engaging employee experience.

Our cultural improvement journey remains the cornerstone of our people strategy and Human Synergistics' Organisational Culture Index (OCI) will once again be used to assess, measure, plan and learn from our culture state in 2021-22.

Our purpose built leadership programs and talent management framework will remain a key focus as we continue to grow our people and enable purposeful leadership.

Strengthening our existing partnerships with local education providers and networks will also be a priority. In particular, we'll be aiming to increase awareness of and interest in science, technology, engineering and mathematics (STEM) careers and proactively include female talent from all levels within our talent management process, leadership and mentoring programs.

We'll be focusing on the creation of meaningful employment pathways and a dedicated traineeship program will be established.

From a learning and development perspective, we'll continue to concentrate on increasing constructive behaviour by embedding our leadership philosophy and introducing new learning content to support our operational and strategic needs.

We'll also be introducing a mentoring framework to match experience and expertise with internal development needs and organisational outcomes.

Financial sustainability

Long-term financial sustainability is important for ensuring we can deliver the services expected by our customers. It includes taking care of our assets, like pipelines and treatment plants, so that the cost doesn't become an inequitable burden for future generations.

Our plan embeds actions that encourage innovation and optimise whole-of-life cost to make sure we can meet our customers' service expectations, meet our legislative obligations and fulfil our Ministerial obligations.

The plan aims to ensure:

- Funding is available for the timely maintenance, replacement and upgrade of assets to meet expected levels of service to the community;
- Funding is available to invest in opportunities like carbon reduction, energy cost reduction, environment, and revenue raising opportunities to take advantage of the broadening compost markets in rehabilitation works and agriculture/horticulture;
- There is consistent delivery of services and efficient use of capital and development of infrastructure;
- Current and future customer charges have a fair degree of stability and predictability; and
- Resources are distributed fairly between current and future customers (intergenerational equity).

Significant projects

Our planning is focused on meeting current and future need in the delivery of water and wastewater services in our service region. We are identifying projects early to allow for even greater customer input and more accurate project scopes, which in turn will result in improved cost estimates and project delivery.

A number of significant projects have been foreshadowed for 2023 and beyond. Renewing aging assets to meet the changing and growing demands of a future Gippsland remains a high priority.

Price Submission 2018-29 – 2022-23

- Augmenting Drouin wastewater treatment plant
- Regional Outfall System replacement – Tyers and Crosses Roads Traralgon

Price Submission 2023-24 – 2027-28

- Relocating and expanding the major water storage for Morwell and surrounding districts
- New Warragul western ring main
- Water pipeline renewals – ongoing yearly program

Price Submission 2028-29 – 2032-33

- Yallourn North rising sewer main replacement
- New Warragul water basin
- Warragul-Drouin water main capacity upgrade
- Traralgon Peterkin Street water main upgrade
- New Traralgon distribution main
- Sale water treatment plant upgrade Stage 2
- Water pipeline renewals – ongoing yearly program
- Regional Outfall System replacement - Tyers and Crosses Roads

Impacts of coronavirus (COVID-19)

Statement on the impacts of coronavirus (COVID-19) on delivering the seven priority areas and actions to address the impacts

To date, coronavirus (COVID-19) has had negligible impacts on our capacity to deliver on the seven priority areas identified in the Letter of Expectations and we remain committed to delivering on all seven priority areas.

Climate change

Short-term delays and interruptions to our climate change mitigation and adaptation projects have been experienced throughout the COVID-19 pandemic. However, all our deliverables remain on track and we'll continue to monitor this closely as the situation evolves.

Customer and community outcomes

Some face-to-face community engagement activities may need to be modified for health and safety reasons, if restrictions are reinstated.

Our water trailer, water fountains and some in-kind sponsorship functions have been in recess for some time however we expect demand to increase in the coming year.

Water for Aboriginal cultural, spiritual and economic values

Our focus for the coming 12 months will be on finalising and implementing internal reviews and processes affecting Traditional Owners, notably in areas such as recruitment and procurement. Field work and face-to-face interactions may be limited during this period, however longer-term impacts are not expected at this stage.

Recognising the recreational values of our water

Public access to our recreational and picnic areas may be restricted from time to time, if and when restrictions are in place. This includes areas at Moondarra Reservoir and birdwatching activities at our treatment plant lagoons and ponds. Educational visits and community tours of our facilities may also be affected.

Resilient and liveable cities and towns

In the last year, we've seen increased uptake of our customer hardship program. This may continue as government support programs conclude, which could in turn have an impact on overdue accounts. We'll continue to focus on engaging with customers who have fallen behind with their water bill payments.

Leadership and culture

We're continuing to support our employees through the coronavirus (COVID-19) pandemic, including by trialing formal hybrid working arrangements. Making informed decisions about mental health and wellbeing initiatives to support our positive employee experience remains a key focus. Continuing to develop leadership capability to lead



through times of change and uncertainty, including how our leaders can leverage their diverse and resilient teams, will also be a priority.

Priority is also being given to continue to harness hybrid approaches to working, learning and development and optimising our eLearning tool, which presents opportunities from a cost, time and flexibility perspective.

Financial sustainability

The financial impacts of coronavirus (COVID-19) have been minimal to date, however we continue to monitor and offer any assistance to our customers who are experiencing hardship.

Challenges we face

Our community continues to change both socially and economically.

The health and social impacts of coronavirus (COVID-19) has provided an unexpected boom to residential development in our region. Housing sales and prices have increased during the last 12 months, resulting in increased pressures for land availability in new areas of development. This has occurred right across our service area and is not confined to the major towns or the west of our region as in previous years.

Service expansion projects already planned are underway or about to commence, from Drouin in the west to Coongulla and Sale in the east. The challenge for us now is to continue the pace of planning and project management so that we keep ahead of, and not behind, the further growth and development of the region.

This need for continued development prompted a review of our role in the development of residential land and led to the development of our Residential Growth Strategy. The strategy is about outlining the steps we will take to ensure we can help facilitate land development in an efficient, consistent and rigorous way. This eliminates unnecessary delays, keeps pace with market demand, and also encourages new residential development where possible and appropriate.

Balancing our customers' service needs and expectations against the costs of providing them and investment needed to ensure reliability also remains a significant challenge.

All of these issues will need to be considered and discussed openly during our customer, stakeholder and community engagement program which will inform the development of our next Price Submission and Urban Water Strategy, both of which are due to be lodged in 2022.

Our strategic priorities

Our strategic priorities represent the highest order initiatives we will focus on in the coming five year period.

They are informed by customer expectations expressed during the development of our 2018 Price Submission and are reviewed and updated annually to align with our obligations as set out by the Victorian Government.

Our strategic priorities are based around five key themes. Each includes a five year destination statement and a series of objectives that align our key business activities and outcomes, including the delivery of Water for Victoria.



Healthy people, healthy environment

We are a leader in safety, public health and the environment to support a healthier community.



Enabling our people

We are an engaged and empowered workforce with a constructive culture.



Customer focussed

We will learn from our customers and deliver on our promises.



Business sustainability

We're continuing to invest strategically and making evidence-based decisions that deliver value for money, to secure our future.



Clever thinking

We're continuing to foster innovation and empower our people to find and deliver efficiencies that transform our business.

Our Strategic Priorities 2021-26

Strategic driver				
Healthy people, healthy environment	Enabling our people	Customer focused	Business sustainability	Clever thinking
Five year destination statement				
We are a leader in safety, public health and the environment to support a healthier community	We are an engaged and empowered workforce with a constructive culture	We will learn from our customers and deliver on our promises	We're continuing to invest strategically and make evidence-based decisions that deliver value for money, to secure our future	We're continuing to foster innovation, and empower our people to find and deliver efficiencies that transform our business
Strategic objectives				
We will deliver on our safety priorities to maintain our position as a leader in safety	We will engage, attract and retain talented and capable people to our organisation	We will embed a service culture that improves external and internal satisfaction and trust	We will implement optimal asset management to reduce lifecycle costs	We will have a safe space culture that allows bold ideas to grow
We will deliver on our environmental priorities so that we minimise environmental harm & maximise opportunities to support a healthy environment and financial sustainability	We will invest in our employees to ensure their success in their roles	We will embed customer insights to put customers at the centre of our decision making	We will pursue profitable and financially sustainable revenue streams to maintain affordable tariffs	We will optimise processes and systems and implement innovative solutions to eliminate waste and deliver savings and efficiencies
We will deliver on our public health priorities so that our community prospers	We will develop leadership skills and capability to align and transform our business	We will build relationships to deliver outcomes that matter to our local community	We will integrate our water resource planning to better identify future solutions that secure and leverage our water supplies	We will be a digitally enabled utility to deliver efficiency and value to our community
We will maximise the benefits of our environmental assets to support our community	We will enhance our employee experience to align and transform our business		We will invest in initiatives that reduce costs and deliver the value that matters to our customers	We will expand our capability to utilise data to inform smart decisions
			We will grow our whole-of-business long term (20+ years) planning capability to support aspirational and sustainable decisions	



Healthy people, healthy environment

We are a leader in safety, public health and the environment to support a healthier community.

The safety of our people continues to be our highest priority and we'll continue to focus on enabling the right safety behaviours across our business. The development of our 2021-24 Occupational Health and Safety strategy will further strengthen our safety culture and continue to ensure compliance with our obligations under the Occupational Health and Safety Act 2004 and Occupational Health and Safety Regulations 2017.

We are delivering on our environmental priorities to minimise harm to our environment. By working with the broader water industry and delivering on the state government's Take 2 pledge program, we're preparing for and mitigating the effects of climate change.

We're taking action to reduce our carbon footprint with alternative energy sources. We have significant renewable upgrades planned at our water factory, with a new 1.2MWp solar system and a new biogas control system and generator planned to be installed.

We'll be ensuring effective, practical environmental and public health outcomes by embedding the General Environmental Duty in line with recent changes in the Environment Protection Amendment Act 2018.

We'll also continue building our growing network of permanent drinking fountains in prominent public spaces across our region. Using customer feedback, we'll work with our customers and local council to decide the best locations, contributing to improved health and environmental outcomes by making tap water more readily available.

Healthy people, healthy environment

Strategic objective	Initiatives
<p>We will deliver on our safety priorities to maintain our position as a leader in safety</p>	<ul style="list-style-type: none"> • Develop and commence to implement a new OHS Strategy to strengthen our safety culture and improve our Global Safety Index score
<p>We will deliver on our environmental priorities so that we minimise environmental harm & maximise opportunities to support a healthy environment and financial sustainability</p>	<ul style="list-style-type: none"> • Embed the requirements of the new EPA General Environmental Duty and subordinate legislation throughout our business • Upgrade the Gippsland Water Factory biogas control system and install a standby generator to reduce operating expenditure and reduce carbon emissions
<p>We will deliver on our public health priorities so that our community prospers</p>	<ul style="list-style-type: none"> • Participate in the review of Department of Health drinking water advisories and protocols to help shape the public health response to drinking water events and update our processes accordingly • Work collaboratively with our regional partners to deliver locally-focused health-based campaigns
<p>We will maximise the benefits of our environmental assets to support our community</p>	<ul style="list-style-type: none"> • Develop a shortlist of short-term opportunities for land use change that maximises the value of our holdings



Enabling our people

We are an engaged and empowered workforce with a constructive culture.

Our people are our biggest strength and we're committed to fostering an inclusive and constructive culture, where everyone can do their best.

This year, we'll be focussing our efforts on talent retention and attraction, growing our people, providing purposeful leadership and supporting our people by fostering an enabling employee experience.

Employment pathways into our organisation are a focus. We'll implement an additional, dedicated traineeship program to create new opportunities for high-school leavers. Our graduate program will continue for those who have recently completed a university degree.

Our new people strategy will be developed and we'll be investing in the technology to allow our people to better plan and implement programs through more reliable, user-friendly data.

Enabling our people	
Strategic objective	Initiatives
We will engage, attract and retain talented and capable people to our organisation	<ul style="list-style-type: none"> • Implement a dedicated traineeship program to create direct employment pathways into the business
We will invest in our employees to ensure their success in their roles	<ul style="list-style-type: none"> • Review our learning and development program model
We will develop leadership skills and capability to align and transform our business	<ul style="list-style-type: none"> • Embed workforce planning practices across the business
We will enhance our employee experience to align and transform our business	<ul style="list-style-type: none"> • Develop a new People Strategy



Customer focused

We will learn from our customers and deliver on our promises.

We've recently embarked on the most comprehensive customer, community and stakeholder engagement program our organisation has ever seen.

Over the course of the next year, we'll be engaging broadly and deeply to develop our next Price Submission and Urban Water Strategy, both during 2022.

At the same time, we'll be changing how we engage and aligning to a new ongoing, cyclical model. Rather than taking a project-focused approach, we will be providing opportunities for people to provide input into our planning, decision making and service delivery all-year round.

We'll also be working with our customers to identify and resolve their service pain points and continue to work with our Traditional Owner partners to achieve our shared goals and commitments.

Customer focused	
Strategic objective	Initiatives
We will embed a service culture that improves external and internal satisfaction and trust	<ul style="list-style-type: none"> • Implement an internal customer service program
We will embed customer insights to put customers at the centre of our decision making	<ul style="list-style-type: none"> • Introduce a new engagement approach that enables us to make decisions based on customer and stakeholder feedback and insights • Deliver the engagement program for our next Price Submission and Urban Water Strategy
We will build relationships to deliver outcomes that matter to our local community	<ul style="list-style-type: none"> • Deliver on our commitments under our Aboriginal Inclusion Plan, Gippsland Environmental Agencies agreement and Ministerial Letter of Expectations



Business sustainability

We're continuing to invest strategically and making evidence-based decisions that deliver value for money, to secure our future.

We're doing this by bringing critical areas of our business together including financial and asset objectives, along with water resources, energy and risk, as well as identifying potential new revenue streams.

This year, we'll be particularly focused on improving our planning, systems and cost recovery so we can continue to provide affordable and fair pricing for our customers.

We will pilot mobile information systems; review our contracts and agreements; and benchmark our operational costs. A significant part of this will be upgrading our measurement and reporting capabilities, helping us to develop a more sophisticated view of our sustainability indicators over the short and long-term.

We'll expand our renewable energy program and commercial use of our waste to provide long-term environmental and financial benefits for our organisation and customers. We'll aim to secure more affordable and sustainable water supplies for our customers for generations to come.

Business sustainability	
Strategic objective	Initiatives
We will implement optimal asset management to reduce lifecycle costs	<ul style="list-style-type: none"> Complete Phase 1 of a mobile Asset Management Information System solution expansion trial
We will pursue profitable and financially sustainable revenue streams to maintain affordable tariffs	<ul style="list-style-type: none"> Review the Essential Services Commission's New Customer Contributions (NCC) methodology and the most appropriate application Review our quality trade waste charges to better reflect the cost of treatment
We will integrate our water resource planning to better identify future solutions that secure and leverage our water supplies	<ul style="list-style-type: none"> Advocate for sustainable and affordable water supplies to ensure we can meet current and future demand
We will invest in initiatives that reduce costs and deliver the value that matters to our customers	<ul style="list-style-type: none"> Deliver the solar renewal energy generation project at the Gippsland Water Factory. Review our Emergency Management Policy to ensure it aligns with updated external requirements
We will grow our whole-of-business long term (20+ years) planning capability to support aspirational and sustainable decisions	<ul style="list-style-type: none"> Implement phase two of our long-term financial modelling and planning.



Clever thinking

We're continuing to foster innovation and empower our people to find and deliver efficiencies that transform our business.

This year, we'll be expanding our planning outlook beyond the short and medium-term to develop a vision for our organisation in 2050.

We'll also be trialling cutting edge technologies including the Internet of Things; artificial intelligence and machine learning with a view to augmenting and strengthening our essential services.

We'll upgrade our digital billing services and introduce more immediate and convenient ways of keeping customers informed about outages.

Clever thinking	
Strategic objective	Initiatives
We will have a safe space culture that allows bold ideas to grow	<ul style="list-style-type: none"> • Develop a 2050 vision for our organisation
We will optimise processes and systems and implement innovative solutions to eliminate waste and deliver savings and efficiencies	<ul style="list-style-type: none"> • Establish measurement and reporting capabilities to track and monitor the impact of process improvements
We will be a digitally enabled utility to deliver efficiency and value to our community	<ul style="list-style-type: none"> • Develop an Information Architecture Strategy • Enhance our digital billing services • Introduce SMS services to inform our customers about outages • Undertake a trial of Internet-of-Things and other emerging technologies
We will expand our capability to utilise data to inform smart decisions	<ul style="list-style-type: none"> • Audit our Asset Management Information System to inform more sustainable business practices • Conduct an artificial intelligence/machine learning pilot • Deliver business intelligence training to more of our people • Look at ways to embed AI/predictive analytics into business decision-making processes

Financial Projections

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1. Financial projections overview

Gippsland Water has embedded maintaining pricing stability for our customers, alongside financial sustainability, as a key principle when making financial decisions. This essentially means that we want to deliver services of the highest quality that are sustainable for our customers now and into the future. Our financial projections for 2021-22 to 2025-26 continues to build on the assumptions underpinning our last price submission, while also supporting the planning stages of our upcoming 2023-2028 price submission which have been factored into our corporate plan.

Our customer base has moved from one historically very much dominated by the energy sector, which remains of concern to us, having already absorbed the impact of two of our major customers closing operations during 2016-17, and a third now expected to close in 2028. We continue to explore new revenue sources to mitigate against the risk of further industry closures which arise from the transition to the low-carbon economy. We now have a broader spread of residential and non-residential mix of small and medium enterprises as well as our base of major customers. We continue to negotiate new and revised key commercial agreements with major customers that will result in increased revenue and support our business sustainability.

We also continue to work closely with developers and local councils to deliver critical infrastructure and to maximise new connection growth, especially in our western corridor areas of Warragul and Drouin. Since developing our last price submission we have experienced new connections growth greater than that forecast in our submission. The impact of significant connections growth during 2020-21 has a beneficial forwards impact on revenue, as well as the positive impact of our forecast of some further buoyancy in the Gippsland property market.

As previously mentioned, in addition to our regulated business this plan includes our non-regulated businesses – Gippsland Regional Agribusiness (formerly known as Agribusiness) and Gippsland Regional Organics (formerly known as Soil and Organics Recycling Facility). These commercial businesses are an integral part of what we do and provide benefit for us.

We are also continuing to look to expand our commercial business operations. Opportunities to take advantage of the broadening compost markets in rehabilitation works (e.g. mines, quarries etc.) and agriculture/horticulture are in development. Furthermore, we are also exploring alternative waste stream management and uses, as part of circular economy policy and initiatives.

We are actively seeking savings to bring our operating costs in the plan closer in line with those in our last price submission where possible, recognising some increased costs are outside our control. A key area of focus has been reducing our energy costs, which are projected to cost \$3.6M in 2021-22, a saving of \$0.5M from our estimated energy cost in our prior year corporate plan. Over the comparable four years of our plan to 2024-25 we are estimating an energy cost saving in excess of \$2M.

We continue to focus on ensuring our long term financial sustainability. Long-term financial sustainability is important if we are to deliver the services expected by our customers without significant increases in charges. This includes ensuring that our assets such as pipelines and treatment plants are adequately and in a timely manner maintained so that the cost does not become a burden for future generations. Underpinning all improvements in meeting customer expectations is increasing the technical and financial efficiency of the organisation. We are investing resources and personnel in identifying innovations in systems, technology and management throughout the organisation. Based on the information in our plan, we anticipate being able to achieve the key financial sustainability results in Table 1.

The consequential impacts of the coronavirus (COVID-19) pandemic on Gippsland Water that we have considered have included, but are not limited to:

- ensuring a strong response and putting provisions in place to continue to provide essential water and sewerage services for our customers
- support for employees transitioning to working from home
- uplifting our IT network capability to support remote working
- supporting customers experiencing financial difficulties through arrangements such as our hardship program, more time to pay arrangements and payment plans

Whilst we continue to monitor the impact of the coronavirus (COVID-19) pandemic, as at the date of preparing our Corporate Plan 2021-22, we do not consider that coronavirus has significantly affected or may significantly affect the operations of the Corporation, the results of those operations, or the state of affairs of the Corporation in future financial years. Various coronavirus (COVID-19) “stay at home” restrictions have been in place in our region during 2019-20 and 2020-21; and in response we have implemented our business continuity plan to minimise risk of disruption to delivery of our services.

The introduction of temporary jobkeeper payments and increased jobseeker payments have been of great assistance to our customers. We will continue to monitor the impact coronavirus (COVID-19) is having on our customers and any possible increase in customer debt and hardship cases. To support the economy we continue to pay all approved invoices within 5-10 working days. Other key areas we are monitoring are for any decrease in developer activity and any impact on our suppliers, contractors and other stakeholders. We will also keep reviewing any potential change in the fair value of our assets.

A significant factor impacting our plan is the expected continued decrease in our regulatory rate of return and resulting impact on our revenue. The regulatory model requires the cost of debt input into our regulatory rate of return to be updated each year based on the 10 year trailing average cost of debt. This change was new for the current price submission, with the first impact of this experienced in 2019-20. Our forecasts indicate that the cost of debt will continue to fall, and as a result, our regulatory revenue over the plan period is now lower than expected in our last two plans submitted in 2019 and 2020. We estimate that the regulatory rate of return (impacted by the cost of debt assumptions) trending down will impact 2021-22 revenue with a \$4.9M reduction compared to the price submission assumption, and then compounding from 2021-22 onwards as it falls further. Although borrowing costs are also falling, the gap between our actual asset values (and therefore our level of borrowings) and our regulatory asset base continues to mean that the regulatory revenue decrease is significantly greater than the decreases in our interest expense.

Our plan forecasts a net loss before tax in 2021-22 of \$0.78M, and a profit of \$2.5M in 2025-26. A breakdown of our yearly net profit/(loss) before tax is provided in the following Chart 1.

Our borrowings are expected to grow by \$49.0M over the plan period, growing to \$374.5M by 30 June 2026. The increase in our borrowings is driven by our planned capital expenditure. Borrowings due to mature within the period will be refinanced. All the financial information in our plan is presented in nominal dollars.

Chart 1. Net profit/(loss) before tax

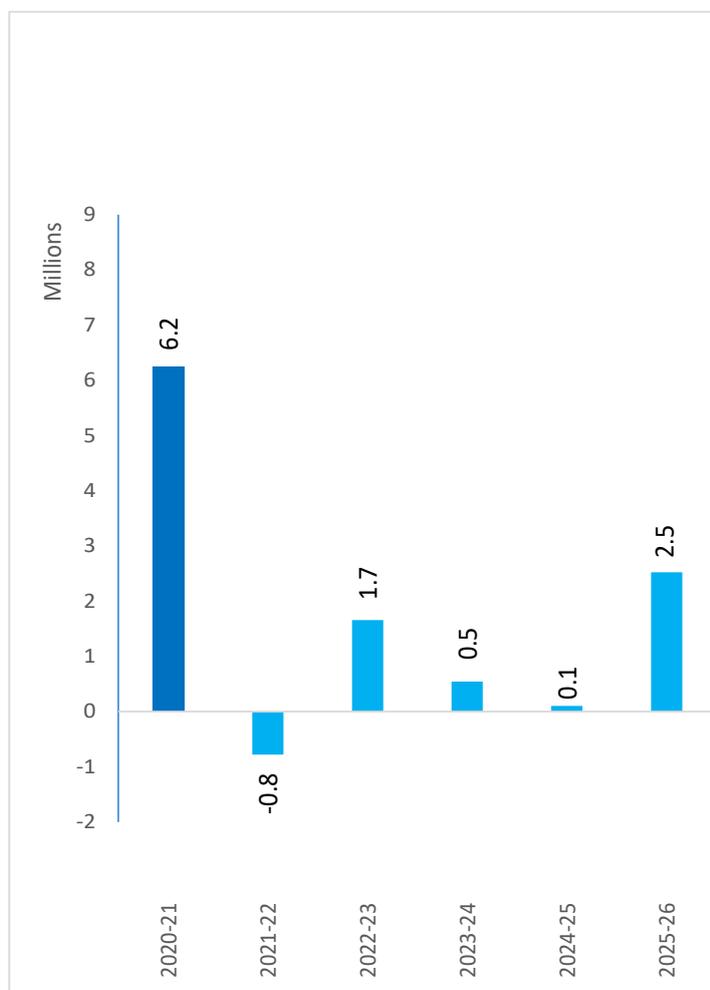


Table 1: Financial sustainability results using Victorian Auditor-General's Office indicators

Risk	2021-22	2022-23	2023-24	2024-25	2025-26
Net Result	-0.6%	1.2%	0.4%	0.1%	1.6%
Liquidity	1.12	1.18	1.18	1.17	1.18
Internal Financing	83.1%	99.2%	81.6%	73.7%	70.0%
Capital Replacement	1.02	0.92	1.08	1.19	1.31
Interest Cover	4.3	4.5	4.3	4.2	4.1
Debt Service Cover	4.8	5.0	4.7	4.7	4.5
Debt to Assets	0.2	0.2	0.2	0.3	0.3

Table 1 contains a red indicator for capital replacement in year 2022-23 which is a reflection on a contraction in our investment in the renewal of our assets to offset the additional investment required in the major project to replace the Drouin Wastewater system.

2. Financial statements

a. Statement of Financial Performance

Our Statement of Financial Performance for the five year period to 30 June 2026 is detailed in Table 2 below.

Table 2: Statement of Financial Performance 2021-22 – 2025-26

Statement of Financial Performance Nominal \$'s	2021-22 (\$'000's)	2022-23 (\$'000's)	2023-24 (\$'000's)	2024-25 (\$'000's)	2025-26 (\$'000's)
Revenue					
Bulk Charges	0	0	0	0	0
Service Charges					
- Residential	61,363	61,794	63,866	65,997	68,187
- Non Residential (including Major Customers)	25,800	25,653	25,922	26,410	26,940
Usage Charges (Volumetric)					
- Residential	23,945	24,487	25,298	26,132	26,988
- Non Residential (including Major Customers)	17,539	17,854	18,230	18,613	19,005
Investment Revenue	83	79	75	73	84
Other Revenue	3,767	4,036	4,618	4,945	4,571
Non Regulated Revenue					
- Organics	5,014	5,140	5,273	5,107	5,165
- Agribusiness	2,947	4,859	3,772	3,033	3,699
Total Revenue	140,460	143,901	147,054	150,309	154,639
Expenses					
Cost of Supply					
- Staff Costs	24,416	25,329	26,371	27,225	28,099
- Maintenance Costs	16,218	16,138	16,466	16,803	17,129
- Other Operating Costs	16,027	16,615	17,880	18,362	18,826
- Overhead Costs	3,600	3,655	4,201	3,991	3,935
- Fleet Costs	1,054	1,097	1,261	1,227	1,246
Total Cost of Supply	61,315	62,834	66,179	67,607	69,236
Administrative Expenses					
- Staff Costs	12,470	12,683	13,052	13,433	13,824
- Maintenance Costs	1,892	1,813	2,040	1,923	1,921
- Other Operating Costs	1,814	1,982	2,039	2,047	2,091
- Overhead Costs	6,517	6,509	6,605	6,762	6,915
- Fleet Costs	135	158	164	152	181
Total Administrative Expenses	22,829	23,144	23,900	24,317	24,932
Environmental Contribution	5,952	5,952	5,952	6,500	6,500
Total Cost of Supply & Admin	90,096	91,931	96,031	98,424	100,668
Operating Result before Depn & Borrowings	50,364	51,971	51,023	51,885	53,972
Depreciation & Amortisation	46,306	45,655	45,505	46,523	45,534
Borrowing Costs Expense	11,936	11,946	12,319	12,751	13,670
Other Expenses	0	0	0	0	0
Total Depn & Borrowings	58,242	57,601	57,825	59,274	59,204
Business Operating Result	(7,878)	(5,630)	(6,802)	(7,389)	(5,232)
Income for Capital Purposes					
Government Contributions	0	0	0	0	0
Non-Govt Contributions (Assets)	7,078	7,202	7,346	7,493	7,642
Non-Govt Contributions (Cash)	23	85	0	0	115
Total Income for Capital Purposes	7,101	7,286	7,346	7,493	7,757
Net Profit/(Loss) Before Income Tax	(778)	1,656	544	103	2,525
Income Tax Expense (Revenue)	(232)	499	165	33	759
Net Profit/(Loss)	(546)	1,158	379	71	1,766

b. Statement of Financial Position

Our Statement of Financial Position for the five year period to 30 June 2026 is detailed in Table 3 below. The Statement of Financial Position includes the recognition of tax-effect accounting.

Table 3: Statement of Financial Position 2021-22 – 2025-26

Statement of Financial Position Nominal \$'s	2021-22 (\$000's)	2022-23 (\$000's)	2023-24 (\$000's)	2024-25 (\$000's)	2025-26 (\$000's)
Current Assets					
Cash	3,304	3,984	3,916	3,394	3,459
Short Term Investments	0	0	0	0	0
Interest Receivable	0	0	0	0	0
Debtors (Receivables)	13,594	14,357	14,968	15,500	16,010
Other current assets	14,088	13,852	13,735	13,624	13,551
Tax Assets	0	0	0	0	0
Total Current Assets	30,986	32,193	32,619	32,518	33,019
Non Current Assets					
Long Term Investments	1,000	1,000	1,000	1,000	1,000
Infrastructure	1,143,038	1,125,629	1,183,824	1,193,341	1,197,337
Land, Buildings, Structures & Facilities	59,347	60,082	60,111	60,921	61,103
Plant, Equipment & Vehicles	13,731	13,418	14,284	15,562	15,053
Capital Works in Progress	92,479	111,474	62,204	64,727	81,993
Intangible Assets	3,436	3,022	3,170	3,967	3,742
Other non-current assets	8,557	8,595	8,638	8,645	8,655
Deferred Tax Assets	22,623	17,748	13,387	9,326	4,914
Total Non Current Assets	1,344,212	1,340,969	1,346,618	1,357,491	1,373,798
Total Assets	1,375,198	1,373,161	1,379,238	1,390,009	1,406,817
Current Liabilities					
Trade Creditors (incl. Purchase Accruals)	1,411	1,421	1,463	1,479	1,497
Accruals	9,045	9,062	9,083	9,101	9,119
Provisions	8,525	8,356	8,228	8,132	8,066
Retentions	2,322	2,097	2,525	2,806	3,039
Short Term Borrowings	26,500	26,500	26,500	26,500	26,500
Other current liabilities	6,335	6,335	6,335	6,335	6,335
Total Current Liabilities	54,138	53,771	54,134	54,352	54,557
Non Current Liabilities					
Borrowings	306,000	307,000	316,000	330,000	348,000
Provisions	3,706	4,256	4,787	5,297	5,788
Deferred Tax Liabilities - Booked (Asset Reval)	116,943	116,943	116,943	116,943	116,943
Deferred Tax Liabilities	39,818	35,441	31,245	27,217	23,564
Total Non Current Liabilities	466,467	463,640	468,975	479,457	494,294
Total Liabilities	520,605	517,411	523,109	533,809	548,851
Net Assets	854,593	855,750	856,129	856,200	857,966
Equity					
Contributed Capital	255,970	255,970	255,970	255,970	255,970
Fixed Assets Revaluation Reserve	272,867	272,867	272,867	272,867	272,867
Retained Earnings - Opening Balance	326,301	325,755	326,912	327,291	327,362
Retained Earnings - Current Year	(546)	1,158	379	71	1,766
Total Equity	854,593	855,750	856,129	856,200	857,966

c. Statement of Cash Flows

Our Statement of Cash Flows for the five year period to 30 June 2026 is detailed in Table 4 below.

Table 4: Statement of Cash Flows 2021-22 – 2025-26

Statement of Cash Flows Nominal \$'s	2021-22 (\$000's)	2022-23 (\$000's)	2023-24 (\$000's)	2024-25 (\$000's)	2025-26 (\$000's)
Operating Cash Flow					
Cash Inflows					
Cash Receipts from Debtors	142,382	146,382	149,263	152,906	157,290
Investment Income (Interest)	83	79	75	73	84
Developer Income	113	175	90	90	205
Other Receipts	0	0	0	0	0
Cash Outflows					
Cash Payments to Creditors (-ve)	(49,043)	(49,664)	(52,038)	(52,952)	(54,018)
Cash Payments Wages & Salaries (-ve)	(36,505)	(37,613)	(39,000)	(40,225)	(41,480)
Interest and other finance costs (-ve)	(11,936)	(11,946)	(12,319)	(12,751)	(13,670)
Environmental Contribution (-ve)	(5,952)	(5,952)	(5,952)	(6,500)	(6,500)
Bioremediation Pond Rehab (-ve)	0	0	0	0	0
Net Cash from Operating Activities	39,142	41,460	40,119	40,640	41,910
Investing Cash Flow					
Movement in Investments	0	0	0	0	0
Payment for Non Current Assets (-ve)	(47,369)	(42,170)	(50,080)	(55,839)	(60,556)
Proceeds: Disposal of Assets	261	390	893	677	710
Net Cash from Investing Activities	(47,107)	(41,780)	(49,186)	(55,162)	(59,846)
Financing Cashflow					
Proceeds: Borrowings	7,000	1,000	9,000	14,000	18,000
Proceeds: Govt Equity Contributions	0	0	0	0	0
Repayment Borrowings & Overdraft (-ve)	0	0	0	0	0
Payment Govt Dividend (-ve)	0	0	0	0	0
Net Cash from Financing Activities	7,000	1,000	9,000	14,000	18,000
Net Increase/(Decrease) in Cash	(966)	680	(68)	(522)	64
Cash held at the beginning of the year	4,270	3,304	3,984	3,916	3,394
Cash held at the end of the year	3,304	3,984	3,916	3,394	3,459
Cash per Balance Sheet	3,304	3,984	3,916	3,394	3,459
Difference	0	0	0	0	0



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